

OCT 11

FORM MR-RC  
Revised May 28, 1993  
RECLAMATION CONTRACT

File Number M/035/009

Effective Date 10/26/94

STATE OF UTAH  
DEPARTMENT OF NATURAL RESOURCES  
DIVISION of OIL, GAS and MINING  
355 West North Temple  
3 Triad Center, Suite 350  
Salt Lake City, Utah 84180-1203  
(801) 538-5340

RECLAMATION CONTRACT

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For the purpose of this RECLAMATION CONTRACT the terms below are defined as follows:

"NOTICE OF INTENTION" (NOI): (File No.) M/035/009  
(Mineral Mined) Gold

"MINE LOCATION":  
(Name of Mine) Barneys Canyon Mine  
(Description) 8200 South 9600 West  
P.O. Box 311  
Bingham Canyon, UT 84006-0311

"DISTURBED AREA":  
(Disturbed Acres) 1071.9  
(Legal Description) (refer to Attachment "A")

"OPERATOR":  
(Company or Name) Kennecott Corporation  
(Address) 10 East South Temple  
P. O. Box 11248  
Salt Lake City, Utah 84147  
(Phone) (801) 322-7000

**"OPERATOR'S REGISTERED AGENT":**

(Name)

CT Corporation System

(Address)

50 West Broadway

Salt Lake City, Utah

84101

(Phone)

(801) 364-1228

**"OPERATOR'S OFFICER(S)":**

B. E. Cooper

Greg Boyce

Richard Pierce

**"SURETY":**

(Form of Surety - Attachment B)

Performance Bond

**"SURETY COMPANY":**

(Name, Policy or Acct. No.)

SAFECO Insurance Company of America  
Bond No. 1

**"SURETY AMOUNT":**

(Escalated Dollars)

\$4,600,000

**"ESCALATION YEAR":**

1999

**"STATE":**

State of Utah

**"DIVISION":**

Division of Oil, Gas and Mining

**"BOARD":**

Board of Oil, Gas and Mining

**ATTACHMENTS:**

A "DISTURBED AREA":

B "SURETY":

This Reclamation Contract (hereinafter referred to as "Contract") is entered into between Kennecott Corporation the "Operator" and the Utah State Board of Oil, Gas and Mining ("Board").

WHEREAS, Operator desires to conduct mining operations under Notice of Intention (NOI) File No. M/035/009 which has been approved by the Utah State Division of Oil, Gas and Mining "Division" under the Utah Mined Land Reclamation Act, Sections 40-8-1 et seq., Utah Code Annotated, (1953, as amended) (hereinafter referred to as "Act") and implementing rules; and

WHEREAS, Operator is obligated to reclaim that area described as the Disturbed Area as set forth and in accordance with Operator's approved Reclamation Plan, and Operator is obligated to provide surety in form and amount approved by the Board, to assure reclamation of the Disturbed Area.

NOW, THEREFORE, the Board and the Operator agree as follows:

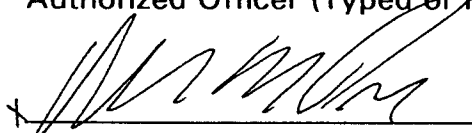
1. Operator agrees to conduct reclamation of the Disturbed Area in accordance with the Act and implementing regulations, the original Notice of Intention dated 9/29/89, and the original Reclamation Plan dated 9/29/89. The Notice of Intention as amended, and the Reclamation Plan, as amended, are incorporated by this reference and made a part hereof.
2. Concurrent with the execution hereof, Operator has provided surety to assure that reclamation is conducted, in form and amount acceptable to the Board. Such surety as evidenced by the Surety Contract is in the form of the surety attached hereto as Attachment B and made a part hereof. The Surety Contract shall remain in full force and effect according to its terms unless modified by the Board in writing. If the Surety Contract expressly provides for cancellation, then, within 60 days following the Division's receipt of notice that the Surety Company intends to cancel the Surety Contract, the Operator shall provide a replacement Surety Contract in a form and amount reasonably acceptable to the Board. If the Operator fails to provide an acceptable replacement Surety Contract, the Division may order the Operator to cease further mining activities and to begin immediate reclamation of the Disturbed Area.
3. Operator agrees to pay legally determined public liability and property damage claims resulting from mining to the extent provided in Section 40-8-7(1)(e) of the Act.
4. Operator agrees to perform all duties and fulfill all reclamation requirements applicable to the mine as required by the Act and implementing rules, the Notice of Intention, as amended and the Reclamation Plan, as amended.
5. The Operator's liability under this Contract shall continue in full force and effect until the Division certifies that the Operator has reclaimed the Disturbed Area in accordance with the Act and implementing rules, the Notice of Intention, as amended and the Reclamation Plan, as amended.
6. If reclamation of discrete sections of the Disturbed Area is completed to the satisfaction of the Division, and the Division finds that such sections are severable from the remainder of the Disturbed Area, Operator may request the Division to certify that Operator has reclaimed such discrete sections of the Disturbed Area in accordance with the Act and Implementing rules, the Notice of Intention, as

amended and the Reclamation Plan, as amended. If the Division makes such certification, Operator may make request to the (Board) that the aggregate face amount of the Surety Contract provided pursuant to paragraph 2 be reduced to an amount necessary to provide for completion of the remaining reclamation. The (Board) shall hear Operator's request for such reduction in accordance with the Board's Procedural Rules concerning requests for Agency Action.

7. Operator agrees to indemnify and hold harmless the State, Board and the Division from any claim, demand, liability, cost, charge, suit, or obligation of whatsoever nature arising from the failure of Operator or Operator's agents and employees, or contractors to comply with this Contract.
8. Operator may, at any time, submit a request to the Board to substitute surety. The Board, in its sole judgment and discretion, may approve such substitution if the substitute surety meets the requirements of the Act and the implementing rules.
9. This Contract shall be governed and construed in accordance with the laws of the State of Utah.
10. If Operator shall default in the performance of its obligations hereunder, Operator agrees to pay all costs and expenses, including reasonable attorney's fees and costs incurred by the Division and/or the Board in the enforcement of this Contract.
11. Any breach that the Division finds to be material of the provisions of this Contract by Operator may, at the discretion of the Division, result in an order to cease mining operations. After opportunity for notice and hearing, the Board of Oil, Gas and Mining may enter an order to revoke the Notice of Intention, order reclamation, or order forfeiture of the Surety Contract, or take such other action as is authorized by law.
12. In the event of forfeiture of the Surety Contract, Operator shall be liable for any additional costs in excess of the surety amount which are required to comply with this Contract. Any excess monies resulting from forfeiture of the Surety Contract, upon completion of reclamation and compliance with this Contract, shall be returned to the rightful claimant.
13. This Contract including the Notice of Intention, as amended and the Reclamation Plan, as amended, represents the entire agreement of the parties involved, and any modification must be approved in writing by the parties involved.

14. Each signatory below represents that he/she is authorized to execute this Contract on behalf of the named party.

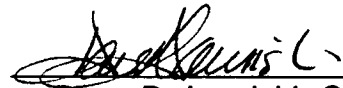
Richard E Pierce, Jr.  
Authorized Officer (Typed or Printed)

  
Authorized Officer's Signature

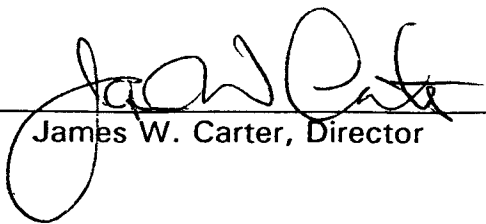
October 10, 1994  
Date

SO AGREED this 26TH day of OCTOBER, 1994.

AND APPROVED AS TO FORM AND AMOUNT OF SURETY:

BY   
Dave D. Lauriski, Chairman  
Utah State Board of Oil, Gas and Mining

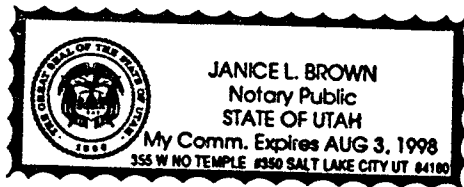
DIVISION OF OIL, GAS AND MINING:

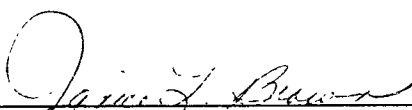
By   
James W. Carter, Director

10/26/94  
Date

STATE OF Utah )  
 ) ss:  
COUNTY OF Salt Lake )

On the 26<sup>th</sup> day of October, 19 94, personally  
appeared before me, who being duly sworn did say that he/she, the said  
JAMES W. CARTER is the Director of the Division of  
Oil, Gas and Mining, Department of Natural Resources, State of Utah, and he/she  
duly acknowledged to me that he/she executed the foregoing document by  
authority of law on behalf of the State of Utah.



  
Notary Public  
Residing at: Salt Lake City

August 3, 1998  
My Commission Expires:

OPERATOR:

Kennecott Corporation  
Operator Name

By Richard E. Pierce, JR. Sr. V.P. & Gen'l Counsel October 10, 1994  
Corporate Officer - Position Date

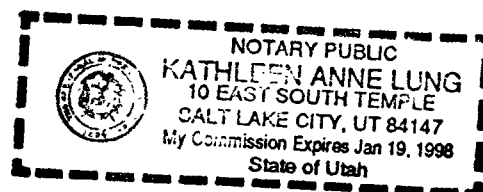
[Signature]  
Signature

STATE OF Utah )  
COUNTY OF Salt Lake ) ss:

On the 10th day of October, 19 94, personally  
appeared before me Richard E. Pierce, JR. who  
being by me duly sworn did say that he/she, the said Richard E. Pierce, JR.  
is the Sr. V.P. and General Counsel of Kennecott Corporation  
and duly acknowledged that said instrument was signed on behalf of said company  
by authority of its bylaws or a resolution of its board of directors and said  
Richard E. Pierce, JR. duly acknowledged to me that said  
company executed the same.

Kathleen Anne Lung, Jr.  
Notary Public  
Residing at: Salt Lake County, UT

1/19/98  
My Commission Expires:



**SURETY:**

SAFECO Insurance Company of America  
Surety Company

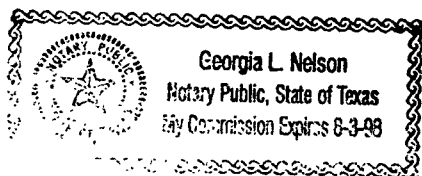
By Attorney-in-Fact  
Company Officer - Position

10-11-94  
Date

Todd Tschantz  
Signature

STATE OF Texas )  
COUNTY OF Collin ) ss:

On the 11th day of October, 19 94, personally  
appeared before me Todd Tschantz who  
being by me duly sworn did say that he/she, the said Todd Tschantz  
is the Attorney-in-Fact of Safeco Insurance Company of America  
and duly acknowledged that said instrument was signed on behalf of said company  
by authority of its bylaws or a resolution of its board of directors and said  
Todd Tschantz duly acknowledged to me that said  
company executed the same.



Georgia L. Nelson  
Notary Public  
Residing at: Richardson, Texas

My Commission Expires: \_\_\_\_\_

**NOTE:** An affidavit of Qualification must be completed and attached to this form for each authorized agent or officer. Where one signs by virtue of Power of Attorney for a company, such Power of Attorney must be filed with this Contract.





POWER  
OF ATTORNEY

SAFECO INSURANCE COMPANY OF AMERICA  
GENERAL INSURANCE COMPANY OF AMERICA  
HOME OFFICE: SAFECO PLAZA  
SEATTLE, WASHINGTON 98185

No. \_\_\_\_\_

KNOW ALL BY THESE PRESENTS:

That **SAFECO INSURANCE COMPANY OF AMERICA** and **GENERAL INSURANCE COMPANY OF AMERICA**, each a Washington corporation, does each hereby appoint

\*\*\*\*\* TODD TSCHANTZ \*\*\*\*\*

its true and lawful attorney(s)-in-fact, with full authority to execute on its behalf fidelity and surety bonds or undertakings and other documents of a similar character issued in the course of its business, and to bind the respective company thereby.

IN WITNESS WHEREOF, **SAFECO INSURANCE COMPANY OF AMERICA** and **GENERAL INSURANCE COMPANY OF AMERICA** have each executed and attested these presents

this 4th day of January, 19 93.

CERTIFICATE

Extract from the By-Laws of **SAFECO INSURANCE COMPANY OF AMERICA**  
and of **GENERAL INSURANCE COMPANY OF AMERICA**:

"Article V, Section 13. - FIDELITY AND SURETY BONDS . . . the President, any Vice President, the Secretary, and any Assistant Vice President appointed for that purpose by the officer in charge of surety operations, shall each have authority to appoint individuals as attorneys-in-fact or under other appropriate titles with authority to execute on behalf of the company fidelity and surety bonds and other documents of similar character issued by the company in the course of its business . . . On any instrument making or evidencing such appointment, the signatures may be affixed by facsimile. On any instrument conferring such authority or on any bond or undertaking of the company, the seal, or a facsimile thereof, may be impressed or affixed or in any other manner reproduced; provided, however, that the seal shall not be necessary to the validity of any such instrument or undertaking."

Extract from a Resolution of the Board of Directors of **SAFECO INSURANCE COMPANY OF AMERICA**  
and of **GENERAL INSURANCE COMPANY OF AMERICA** adopted July 28, 1970.

"On any certificate executed by the Secretary or an assistant secretary of the Company setting out,

- (i) The provisions of Article V, Section 13 of the By-Laws, and
  - (ii) A copy of the power-of-attorney appointment, executed pursuant thereto, and
  - (iii) Certifying that said power-of-attorney appointment is in full force and effect,
- the signature of the certifying officer may be by facsimile, and the seal of the Company may be a facsimile thereof."

I, R. A. Pierson, Secretary of **SAFECO INSURANCE COMPANY OF AMERICA** and of **GENERAL INSURANCE COMPANY OF AMERICA**, do hereby certify that the foregoing extracts of the By-Laws and of a Resolution of the Board of Directors of these corporations, and of a Power of Attorney issued pursuant thereto, are true and correct, and that both the By-Laws, the Resolution and the Power of Attorney are still in full force and effect.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the facsimile seal of said corporation

this 11th day of October, 19 94.

CGT 2 /

# ATTACHMENT "A"

Kennecott Corporation  
Operator  
M/035/009  
Permit Number

Barneys Canyon Mine  
Mine Name  
Salt Lake County, Utah

## The legal description of lands to be disturbed is:

NE 1/4 of NE 1/4 of Section 10,	Township 3S,	Range 3W
All of NW 1/4 of Section 11,	Township 3S,	Range 3W
NW 1/4 of NE 1/4 of Section 11,	Township 3S,	Range 3W
E 1/2 of NW 1/4 of Section 3,	Township 3S,	Range 3W
All of E 1/2 of Section 3,	Township 3S,	Range 3W
All of W 1/2 of Section 2,	Township 3S,	Range 3W
All of NE 1/4 of Section 2,	Township 3S,	Range 3W
E 1/2 of SE 1/4 of Section 2,	Township 3S,	Range 3W
SW 1/4 of SE 1/4 of Section 2,	Township 3S,	Range 3W
All of NW 1/4 of Section 1,	Township 3S,	Range 3W
NW 1/4 of SW 1/4 of Section 1,	Township 3S,	Range 3W
SE 1/4 of SW 1/4 of Section 34,	Township 2S,	Range 3W
S 1/2 of SE 1/4 of Section 34,	Township 2S,	Range 3W
SE 1/4 of SW 1/4 of Section 35,	Township 2S,	Range 3W
All of SW 1/4 of Section 36,	Township 2S,	Range 3W
All of SE 1/4 of Section 36,	Township 2S,	Range 3W
All of NE 1/4 of Section 36,	Township 2S,	Range 3W
S 1/2 of NW 1/4 of Section 31,	Township 2S,	Range 2W
S 1/2 of NE 1/4 of Section 31,	Township 31,	Range 2W
All of S 1/2 of Section 31,	Township 31,	Range 2W
W 1/2 of SW 1/4 of Section 32,	Township 32,	Range 2W
SW 1/4 of NW 1/4 of Section 32,	Township 32,	Range 2W
NW 1/4 of NW 1/4 of Section 5,	Township 35,	Range 2W
NE 1/4 of NE 1/4 of Section 6,	Township 35,	Range 2W

R3W

R2W

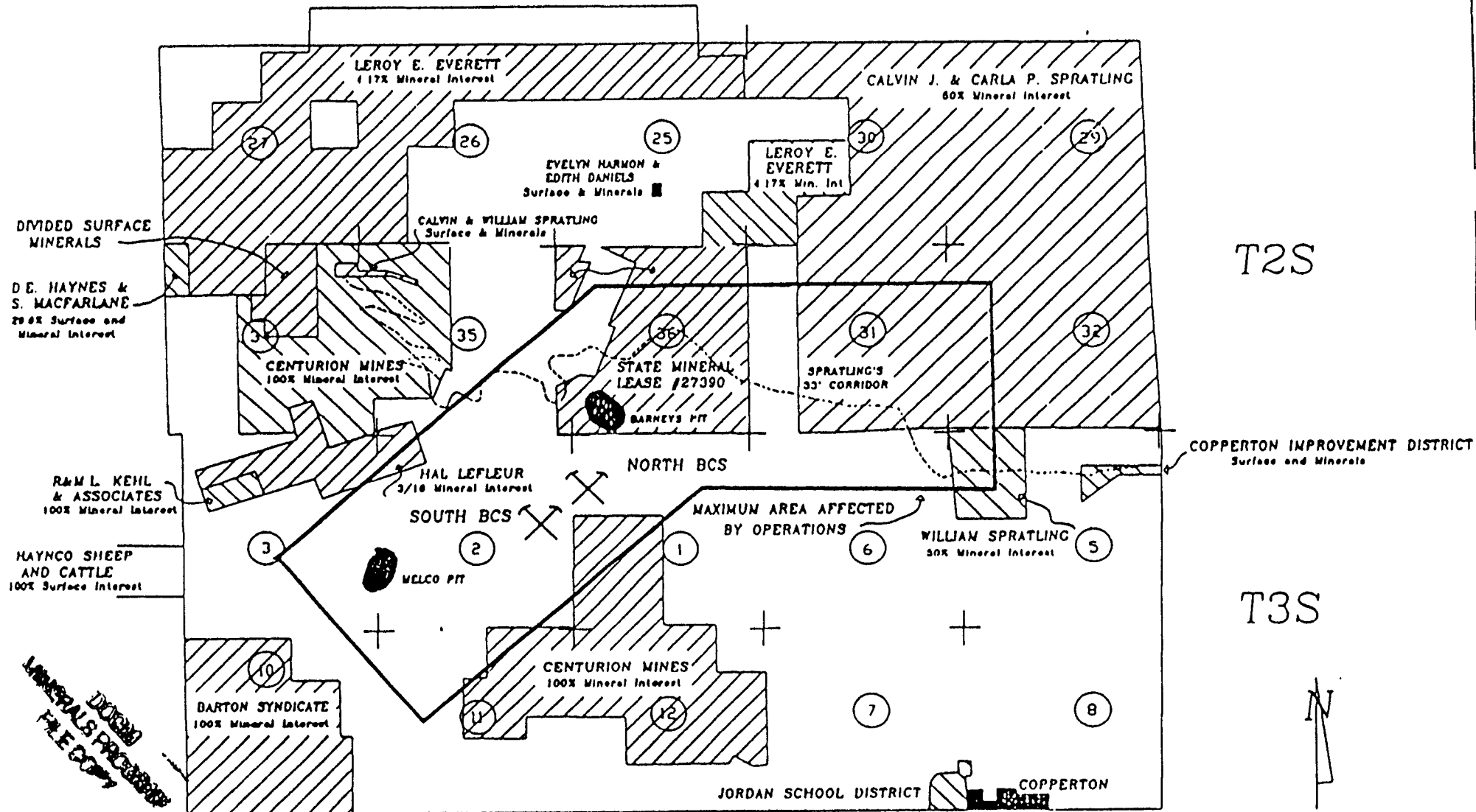
KENNECOTT CONTROLLED SURFACE AND  
MINERALS UNLESS OTHERWISE NOTED

FIGURE 1.2-1  
BARNEYS CANYON PROJECT  
LAND STATUS



SURETY RIDER

CO INSURANCE COMPANY OF AMERICA  
ERAL INSURANCE COMPANY OF AMERICA  
FIRST NATIONAL INSURANCE COMPANY  
OF AMERICA  
HOME OFFICE: SAFECO PLAZA  
SEATTLE, WASHINGTON 98185

To be attached to and form a part of

Bond No.

OCT 11

Type of

Bond: RECLAMATION BOND

dated  
effective

10/20/92  
(MONTH-DAY-YEAR)

executed by

KENNECOTT CORPORATION  
(PRINCIPAL)

,as Principal,

and by

SAFECO INSURANCE COMPANY OF AMERICA

,as Surety,

in favor of

STATE OF UTAH, DEPT. OF NATURAL RESOURCES  
(OBLIGEE)

in consideration of the mutual agreements herein contained the Principal and the Surety hereby consent to changing

INCREASING BOND AMOUNT

FROM: \$3,020,000.00

TO: \$4,600,000.00

Nothing herein contained shall vary, alter or extend any provision or condition of this bond except as herein expressly stated.

This rider  
is effective

10/11/94

(MONTH-DAY-YEAR)

Signed and Sealed

10/03/94

(MONTH-DAY-YEAR)

By:

(PRINCIPAL)

SENIOR V.P. and C.F.O.

As Controller

SAFECO INSURANCE COMPANY OF AMERICA

By:

(ATTORNEY-IN-FACT)



POWER  
OF ATTORNEY

SAFECO INSURANCE COMPANY OF AMERICA  
GENERAL INSURANCE COMPANY OF AMERICA  
HOME OFFICE: SAFECO PLAZA  
SEATTLE, WASHINGTON 98185

No. \_\_\_\_\_

KNOW ALL BY THESE PRESENTS:

That **SAFECO INSURANCE COMPANY OF AMERICA** and **GENERAL INSURANCE COMPANY OF AMERICA**, each a Washington corporation, does each hereby appoint

\*\*\*\*\***CRAIG K. POULTON**, Salt Lake City, Utah\*\*\*\*\*

its true and lawful attorney(s)-in-fact, with full authority to execute on its behalf fidelity and surety bonds or undertakings and other documents of a similar character issued in the course of its business, and to bind the respective company thereby.

IN WITNESS WHEREOF, **SAFECO INSURANCE COMPANY OF AMERICA** and **GENERAL INSURANCE COMPANY OF AMERICA** have each executed and attested these presents

this 4th day of January, 19 93.

CERTIFICATE

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and of **GENERAL INSURANCE COMPANY OF AMERICA**:

"Article V, Section 13. - FIDELITY AND SURETY BONDS . . . the President, any Vice President, the Secretary, and any Assistant Vice President appointed for that purpose by the officer in charge of surety operations, shall each have authority to appoint individuals as attorneys-in-fact or under other appropriate titles with authority to execute on behalf of the company fidelity and surety bonds and other documents of similar character issued by the company in the course of its business . . . On any instrument making or evidencing such appointment, the signatures may be affixed by facsimile. On any instrument conferring such authority or on any bond or undertaking of the company, the seal, or a facsimile thereof, may be impressed or affixed or in any other manner reproduced; provided, however, that the seal shall not be necessary to the validity of any such instrument or undertaking."

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(i) The provisions of Article V, Section 13 of the By-Laws, and

(ii) A copy of the power-of-attorney appointment, executed pursuant thereto, and

(iii) Certifying that said power-of-attorney appointment is in full force and effect,

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IN WITNESS WHEREOF, I have hereunto set my hand and affixed the facsimile seal of said corporation

this 3rd day of October, 19 94.